

HOUSE RESEARCH

Bill Summary

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Overview

This bill amends and expands licensing and regulatory provisions in chapters 168, 168A, and 325E relating to scrap metal and vehicle purchases.

It requires scrap metal dealers to place a 5-day hold on scrap *vehicle* purchases if the seller does not have proof of ownership. In addition, the bill amends purchase record requirements, investigative hold provisions, and retention periods for recordings and images required under section 325E.21 – which applies to all scrap *metal* transactions. It also increases criminal penalties for repeat offenses under section 325E.21.

Starting January 1, 2015, it requires scrap metal dealers to report scrap *metal* transactions using the Automated Property System (APS).

Section

- 1 Dealer license categories.** Eliminates the “hulk” exception for scrap metal processor licensing. This has the effect of requiring a license for businesses engaged in buying hulks for scrap. (A “hulk” is a vehicle that is incapable of moving under its own power and has had valuable used parts removed. Its sole value is its metallic content.)
- 2 Injunction.** Authorizes injunctive relief and civil penalties for violations of licensing and regulatory provisions relating to scrap metal dealers, scrap metal processors, and salvage pools.

Section

- 3** **County or city attorney to prosecute.** Provides that the city or county attorney is the agency responsible for prosecuting violations relating to licensing and regulation of vehicle dealers or scrap metal dealers. Strikes language providing that the registrar (DMV) may file charges.
- 4** **Notification on vehicle to be dismantled or destroyed; service fee.** Requires a dealer who purchases a vehicle for scrap to maintain the certificate of title for three years before destroying it.
- 5** **Definitions.** Amends definitions pertaining to “scrap metal dealer” regulations. Expands the definition of “scrap metal dealer” to include scrap metal processors, used vehicle parts dealers, salvage pools, and used motor vehicle dealers engaged in buying scrap. Also defines “interchange file specification format,” “billable transaction fee,” “hold period,” “motor vehicle,” and “proof of identification.”
- 6** **Purchase or acquisition record required.** Amends the record requirements for scrap metal transactions occurring between August 1, 2013 and December 31, 2014. Provides additional information that must be collected in a permanent record, including information on any applicable hold period and payment method and affidavit of right to sell. Expires January 1, 2015 (see section 7).
- 7** **Purchase or acquisition record required.** Amends the record requirements for scrap metal transactions occurring on or after January 1, 2015. Provides additional information that must be collected and transferred via APS. Requires limited record keeping in business- to-business transactions (see paragraph (c)). Requires dealers to provide copy of receipt to seller in all transactions. Authorizes law enforcement to conduct regular and routine inspections of dealers. Directs the registrar to inspect a licensed dealer every 18 months. Allows local jurisdictions to recover investigation costs and APS transaction fees from dealer.
- 8** **Automated property system.** Requires scrap metal dealers to provide daily sale information under section 7 via APS (using the interchange file specification format). Provides that a dealer may request to be provided the APS software. Directs dealers to notify patrons that all transactions are reported to law enforcement.
- 9** **Payment by check or electronic transfer required.** Requires dealers to pay for purchases of motor vehicles without title by mailed check or electronic transfer to bank account. Requires dealers to maintain record of mailing address or unique transaction identifier for three years.
- 10** **Criminal penalties.** Increases criminal penalties for repeat violations of section 325E.21 (scrap metal dealer regulations). Imposes a gross misdemeanor for a second violation within 5 years and a three-year felony for a third or subsequent violation in five years.

Section

- 11 Investigative holds; confiscation of vehicles.** Amends current section on investigative holds for scrap metal purchases. Authorizes an initial 72-hour hold upon notification from law enforcement that the scrap metal dealer shall not sell or remove an item. Requires the agency to confirm the hold in writing and it then remains in effect for 30 days from date of initial notification. Provides that the agency may confiscate the stolen item or evidence and remove it, place the item on hold and leave it in the premises, or direct its release to an owner. Provides that if law enforcement does not timely issue a notification to confiscate or issues the notification but fails to remove the item within 15 days, the dealer may process the item.
- 12 Video security cameras required.** Requires scrap metal dealers to obtain a readily identifiable image of the seller's face, retain recordings for 30 days, and keep them open for inspection by law enforcement.
- 13 Vehicles with proof of ownership.** Provides that no scrap metal dealer may purchase a vehicle unless a seller has proof of ownership (*i.e.*, title or bill of sale, ID, and signed affidavit of right to sell). Without proof of ownership, the provisions of section 14 apply.
- 14 Vehicles without proof of ownership; 5-day hold.** If a seller does not have proof of ownership, requires a scrap metal dealer to hold a vehicle for 5 days before completing the purchase transaction, immediately report item via APS, and check VIN with DVS and law enforcement on last day of the hold period to confirm the vehicle has not been reported stolen.
- 15 Purchase from other dealers or merchants.** Exempts dealer-to-dealer and merchant-to-dealer transactions from proof of ownership provisions in sections 13 and 14 (presumably the dealer or merchant already would have been subject to these provisions as part of the initial transaction).
- 16 Model affidavit, right to sell vehicle.** Directs the Chiefs of Police Association, in consultation with law enforcement and county attorneys, to develop a model affidavit for use by scrap metal dealers under sections 6 (and later 7), 13, and 14.
- 17 APS standards.** Directs the Minneapolis Police Department, in consultation with the scrap metal industry, law enforcement, prosecutors, and legislators, to develop standards for implementation and use of APS. Proposed standards are to be submitted to the legislature by January 15, 2014. Final standards are to be completed by July 1, 2014 and provided to scrap metal dealers by July 15, 2014. (APS scrap metal reporting is effective January 1, 2015.)